



State of Utah Budget Recommendations

Fiscal Year 2006, Fiscal Year 2005 Supplementals

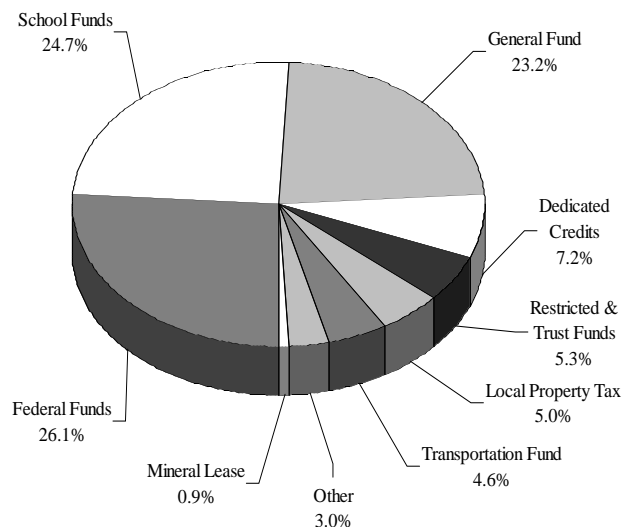


Governor Olene S. Walker

FY 2006 Budget Overview

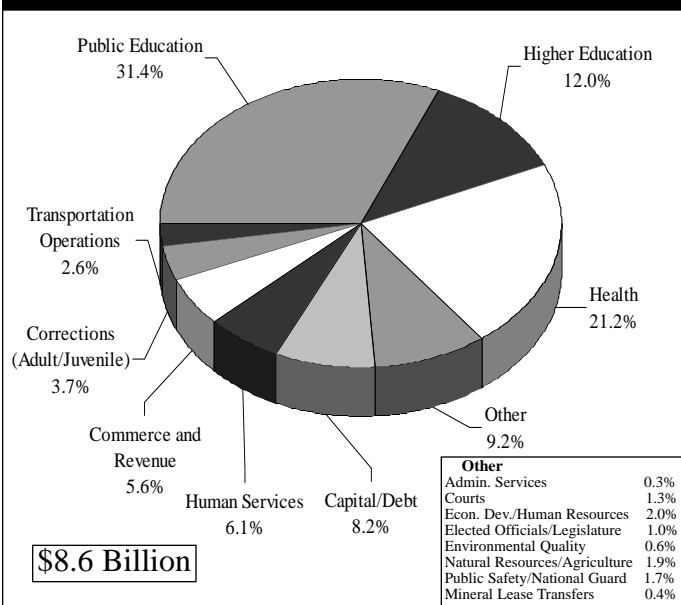
FY 2006 REVENUES

\$8.6 Billion



Total estimated sources of revenue for the FY 2006 budget

FY 2006 EXPENDITURES



Total state budget expenditures for FY 2006
from all sources of funding

HIGHLIGHTS



EDUCATION

WPU Increase (5.0% increase)	\$78.6m
Enrollment Growth	\$33.8m
Performance Plus II - Math Program	\$16.0m
Utah Basic Skills & Competency Tests (UBSCT)	
Remediation	\$6.5m
Engineering Initiative	\$2.5m
Nursing Initiative	\$2.0m
National Guard Tuition Assistance	\$0.5m



ECONOMIC DEVELOPMENT

DCED - Utah Defense Alliance	\$5.0m
Industrial Assistance Fund	\$4.4m
Centers for Excellence	\$1.0m
Smart Sites	\$0.1m



QUALITY OF LIFE

Medicaid Program Growth and Inflation	\$35.3m
Services for People with Disabilities Waiting List (includes federal match)	\$6.6m
LeRay McAllister Critical Land Conservation Fund	\$4.0m
High-Level Nuclear Waste Opposition	\$2.1m
Watershed Management	\$0.2m
Veterans' Outreach	\$0.1m



PUBLIC SAFETY/CRIME

Corrections Inmate Growth	\$10.2m
Drug Offender Reform Act (DORA)	\$6.3m
26 Forensic Beds at State Hospital	\$2.1m
Utah Wireless Integrated Network (UWIN)	
Maintenance	\$0.8m



FISCAL PRUDENCE

Cash Fund Buildings	\$100.0m
Rebuild Rainy Day Fund	\$72.0m
Buildings Alterations, Repairs, & Improvements (AR&I) at 1.1% (includes Transportation Fund)	\$53.6m



OTHER

State Employee Compensation Package	\$38.8m
Bonding:	
Highways	\$70.0m
Capitol Restoration (authorize \$135m)	\$50.0m
New State Buildings	\$19.0m



GOVERNOR WALKER'S BUDGET PRINCIPLES

Governor Walker's budget recommendations reflect the lessons she has learned through her extensive career in public service. She leaves behind a legacy of fiscal prudence and foresight.

The following are the lessons she has learned, and the principles she leaves for others to follow.



STRUCTURAL BALANCE

Ongoing revenues must match ongoing expenditures. This structural balance provides the foundation of a sound budget.



DEBT MANAGEMENT

Prudent debt management is a hallmark of the state.

- A portion of all capital expenditures should be funded with cash rather than debt.
- The state must rebuild the Rainy Day Fund to protect against future economic downturns.
- Debt amortization should remain short in light of the state's increasing debt levels.



NO EARMARKING OF REVENUE

Taxes should not be earmarked for specific programs. The governor and the legislature need maximum flexibility when developing the state's budget and establishing spending priorities. Additionally, this helps ensure priority programs are funded.



TAX POLICY

The state's income tax and sales tax bases are declining. A new tax structure is needed to increase the stability of the revenue stream. To accomplish this, the tax base should be broadened and the rate lowered.



PREPARING FOR TOMORROW

The decisions made today not only affect us now, but also impact the future. We must maintain a long-term perspective and govern not just for today.